The Utility of Banking: Regulation, Inequality, and the Public Option

by

Jay Hearn

May 2020

Abstract 3

Introduction 4

The Public Origins of Banking 8

Banking's Social Contract 10

The Public Utility Model 12

Why Public Options? 13

The Unbanked and the Underbanked 15

Racial Inequalities in Banking 17

The Postal Savings System 20

The Death of the Postal Savings System 24

Resurrecting Postal Banking 28

Conclusion 32

Appendix 33

Bibliography 35

Abstract

What is the effect of public utility banking regulation on inequality and access to basic banking services? In this paper, I will examine banking during three periods of American history. The first period, stretching from 1865 to 1911, was marked primarily by private banking which led to severe financial crises and the rise of unbanked and underbanked Americans. The second period, stretching from 1911 to 1967, marks a fundamentally unique period in American banking wherein banking was largely treated as a public utility rather than as solely a private enterprise. This period saw the implementation of postal banking, public banking, the Federal Reserve, the FDIC, and the Bretton-Woods system along with an overall reduction in inequality. The third period, stretching from 1967 to today, sees a shift from public utility regulation toward the unregulated approach of the first period from 1865 to 1911. Consequently, this third period has seen an increase in inequality, financial crises, and the number of unbanked and underbanked Americans. Finally, this paper will explore modern reforms to reduce the number of unbanked and underbanked Americans through the revival of the public utility management approach for banking regulation.

Introduction

Since the 1970s, inequality has increasingly risen in the United States. In 1974, the GINI coefficient for the United States was 35.3 indicating a relatively low level of inequality. However, by 2016, the GINI coefficient had risen to 41.4.[1] Meanwhile, the top decile share in national income rose from around "35 percent" in the United States in the 1970s to "45-50 percent" in the 2000s-2010s.[2] Private banking firms continue to accumulate more power with the "largest banking corporations [holding] assets equivalent to 55 percent of GDP in 2006, up from 17 percent in 1995."[3] The 2008 financial bailout, far from limiting the power of private banking firms, led to the largest firms holding "63 percent" of all assets.[4] This concentration and disparity of power has "ensnared [many Americans] in home mortgages, student debt, credit cards, [and] car loans."[5] Instead of banks serving as a public utility for wealth-building, private banking firms represent a trap making ordinary Americans "virtual prisoners of their creditors."[6]

Central to the rise of inequality and the cementation of power among private banking firms has been the deregulation and abandonment of public utility regulation for the banking industry. Financialization has its roots in the 1970s and the 1980s with the rise of austerity politics and embrace of deregulation.[7] The erasure of banking's public origins has also contributed to this problem. This has let private banking firms off the hook and has allowed for

[1] World Bank, GINI Index for the United States [SIPOVGINIUSA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/SIPOVGINIUSA, April 19, 2020.
[2] Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge: The Belknap Press of Harvard University Press, 2014), 24.
[3] Christopher W. Shaw, *Money, Power, and the People: The American Struggle to Make Banking Democratic* (Chicago: University of Chicago Press, 2019), 300.
[4] Christopher W. Shaw, *Money, Power, and the People*, 300.
[5] Ibid., 300.
[6] Ibid., 300.
[7] See Kim Phillips-Fein's *Fear City* and *Invisible Hands* along with Rana Foroohar's *Makers and Takers* and *American Amnesia* by Jacob S. Hacker and Paul Pierson.

the erosion of the unspoken social contract that exists between citizens, government, and private capital.

This paper proposes a new way of thinking about the post-Civil War history of American banking. In this paper, it is argued that this era of time can be understood in three distinct periods of banking regulation. Below, I present a basic chart to represent this schema:

Period	National Banking Structure
1865 - 1911 (Gilded Age)	Private
1911 - 1967 (Progressive Era/New Deal Consensus)	Public
1967 - Present (Modern Era)	Private

Basically, this schema outlines my basic theory that these three periods contain three national banking structures. The first period, referred to here as the Gilded Age, saw huge concentrations of capital and wealth coupled with periodic recessions and economic crises. For example, the United States experienced twelve recessions between 1865 and 1912.[8] This period is also marked by low levels of economic growth. The per person growth output from 1890 to 1920 was 1.8 percent compared with the 2.4 percent per person growth output from 1920 to 1970.[9] This period came to an end with the rise of the progressive and populist movements.[10] These movements sought public control over the monetary system along with increased regulation of private banking firms.

[8] Federal Reserve Bank of St. Louis, NBER based Recession Indicators for the United States from the Period following the Peak through the Trough [USREC], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/USREC, April 19, 2020.

[9] Robert J. Gordon, *The Rise and Fall of American Growth: The U.S. Standard of Living Since the Civil War* (Princeton: Princeton University Press, 2016): 14.

[10] Michael McGerr, *A Fierce Discontent* (Oxford: Oxford University Press, 2005).

From 1911 to 1967, referred to here as the Progressive and New Deal Consensus, the national banking structure took on a more public character. Reforms and policies such as postal banking, the Federal Reserve, the Bank of North Dakota, the Federal Deposit Insurance Corporation, the Glass-Steagall Act, and other New Deal policies mark this period of time as a substantial period for public control and oversight of private banking firms. This period saw the embrace of public utility regulation of banking by regulators and government officials.

The Progressive and New Deal Consensus ended in 1967 with the liquidation of the Postal Savings System under the administration of President Lyndon Baines Johnson. The Modern Era then began with the end of the Bretton-Woods system, New York City's fiscal crisis, stagflation, the Volcker shock, deregulation, monopolization, and the repeal of the Glass-Steagall Act. This period is ongoing and is marked by growing inequality, the concentration of power among private banking firms, and the Great Recession. It is crucial to note that the Modern Era mirrors, in many respects, the Gilded Age. Both are marked by economic precarity, concentration of power among capital, and a largely private banking structure. During this time, inequality has risen while the number of unbanked and underbanked Americans has also increased. The per person growth output has also returned to Gilded Age levels at 1.7 percent.[11] This paper argues that rising inequality, low growth, and the concentration of private capital is not the result of natural market forces. Instead, rising inequality is the result of the national banking structure moving from a public utility model of regulation to private control through deregulation.

This paper begins with the fundamentals. First, I describe the public origins of banking along with the unspoken social contract that exists in banking between citizens, government, and

[11] Robert J. Gordon, *The Rise and Fall of American Growth*, 14.

private capital. From there, I discuss the public utility model of banking regulation and set the scene for the current inequalities that exist in a national banking structure dominated by private banking firms. Then, I discuss the unbanked and the underbanked before diving into the history of the three periods of banking that I have earlier described. Finally, I return to the present and apply the lessons of history to make policy suggestions for overcoming the current private national bank structure and re-implementing the public national bank structure present in the United States largely from 1911 to 1967.

The Public Origins of Banking

Banking is deeply rooted in the public purview of government. In fact, it can be said that the "private economy" can only truly exist through the establishment and enforcement of "contract and property laws" by the state.[12] Consequently, one of the primary responsibilities of the sovereign state is the issuance of currency.[13] Government's role in issuing currency is the reason why currency notes are emblazoned with the profiles of figures such as "Julius Caesar, Queen Victoria, [and] Abraham Lincoln" and not men like Henry Ford, Andrew Carnegie, or Warren Buffett?[14] Private industrialists and financiers do not appear on currency due to the fact that is the sole responsibility of the state and not the private sector. Far from being the activity of the private sector, banking can only exist with the "backing of a society's taxpayers and of publicly financed institutions."[15] Consequently, banking can only exist through a social contract between the banks and the public.

This social contract begins with the founding of the Bank of England. Modern banking, consisting of the distribution of "bank notes, lending, and accepting deposits," began with King William III. In order to finance a war with France, King William III required a loan of approximately "1.2 million pounds."[16] Consequently, a group of "[f]orty London merchants" banded together to provide King William III the loan he needed to finance his war with France. King William III then granted the merchants "a monopoly" on the issuance of bank notes thus creating "state-sponsored paper money."[17] Bank notes issued by the Bank of England contained

[12] Ganesh Sitaraman and Anne L. Alstott, *The Public Option* (Cambridge: Harvard University Press, 2019), 173.
[13] Ganesh Sitaraman and Anne L. Alstott, *The Public Option*, 173.
[14] Ibid., 173.
[15] Ann Pettifor, *The Production of Money* (London: Verso, 2018), 16.
[16] Mehrsa Baradaran, *How the Other Half Banks* (Cambridge: Harvard University Press, 2018), 11.
[17] Mehrsa Baradaran, *How the Other Half Banks*, 11.

King William III's promise to pay back the loan given to him by the forty London merchants. However, King William III never paid back the loan. Consequently, the "notes and their successors have been circulating and multiplying ever since" as the official currency notes of the Bank of England.[18]

Banking is inseparable from the public. Without King William III, the Bank of England most likely would not exist in its modern form. Simply, banks require government and the government requires banks. Banks do not simply exist as a function of the private free market. Instead, banks exist as explicit institutions of the government as the "hands that move markets."[19] Thus banking institutions require trust from the public through an informal social contract.

[18] Ibid., 11.
[19] Ibid., 12.

Banking's Social Contract

Banking institutions exist because of the government and thus function through an informal social contract. Banking activities require trust between the public and private sectors in order for both society and the economy to run smoothly and productively. Banking policy encompasses more than just regulation and government support for private banking firms. In fact, banking affects everything from "social policy, democracy, and the creation or elimination of inequality."[20] Consequently, banking policy should be placed in the wider context of the social contract constructed between citizens, government, and private capital. According to Louis Brandeis, banking cannot nor should it be seen as merely a "'private affair'" of private banking firms; instead, banking must be considered a "'public utility'" due to banking's "disproportionate power" over "'other people's money.'"[21]

For example, the Great Recession of 2008- and the government's response- reflects the wider social and economic effects of banking. Leading up to the Great Recession, private banking firms coupled with government deregulation of the banking industry led to the housing bubble that shook the global and domestic economy. However, private banking firms did not face consequences or repercussions for their violation of the social contract. Instead, the costs of the Great Recession were "largely borne by the poor and middle-class people" who never received a bailout comparable to the ones given to the financial sector by the American government.[22] In effect, the benefits of the government's response to the Great Recession were privatized while the overall costs were socialized for the wider social and economic system.

---

[20] Mehrsa Baradaran, "Banks: A Broken Social Contract," *Democracy* (2016), https://democracyjournal.org/magazine/41/banks-a-broken-social-contract/.
[21] Mehrsa Baradaran, "Banks," https://democracyjournal.org/magazine/41/banks-a-broken-social-contract/.
[22] Ibid.

Coming out of the Great Recession, the United States faced challenges that had previously been tackled through robust public action during the Great Depression and the New Deal era. Due to the political and economic consensus forged during the 1970s and the 1980s, the federal government was ill-equipped to enforce banking's social contract and regulate the industry as a public utility. Instead, the government worked within the framework of the deregulated and hyper-financialized status quo in banking even after what seemed to be a brief moment of renewed Keynesianism by affected governments.[23] In the United States, the broken social contract of banking produced a situation in which the public faced "historic inequality, the rise of true poverty [...], and a growing racial wealth gap."[24] The rise of inequality, poverty, and the growing racial wealth gap was not the product of natural market forces. Instead, these issues arose as the direct effect of hegemonic policies and understandings of the social contract during this period of time. Beginning in the late 1970s and early 1980s, private banking firms regained control. Deregulated, these private banking firms lost their sense of public purpose and forgot their public duties and obligations. Banks, under a just social contract, serve as the "central engines of democracy" and thus have crucial public responsibilities that must be followed.[25] Banking has and can be understood as a public utility embedded in a social contract. Going forward, banking will be reframed within this context.

[23] Robert Skidelsky, *Keynes: The Return of the Master* (New York: PublicAffairs, 2010).
[24] Mehrsa Baradaran, "Banks."
[25] Ibid.

The Public Utility Model

Banking can be considered as a public utility needed to grease the wheels of the American economy. Regulating private banking firms as public utilities requires a public utility model that would subject private banking firms that control the "provision of and access to key social necessities to stringent public obligations and restraint."[26] The roots of the public utility model stretch back to the legal thought of Louis D. Brandeis. Braindeis considered private banking firms to be "'common carriers'" comparable to railroads.[27] Banks, from Brandeis's perspective, provided a "backbone service for the entire economy" and thus should be treated like a public utility.[28] Traditionally, public utilities have been understood as "natural monopolies such as electricity or water provision, where economic efficiency requires a monopoly structure in order to incentivize expensive investments in shared infrastructure."[29] However, this is an extremely narrow definition of public utilities. Employing the framework of Progressive Era jurists and economists, public utilities can be defined as any good with "sufficient social value" to be treated as a "necessity, and where the provision of this necessity [is] at risk of subversion or corruption if left to private or market forces."[30] Since the 1970s, banking has increasingly been threatened by the subversion and corruption of private markets. Reviving public utility regulation and treating banking like a public utility would "ensure both equal and fair access" for all Americans.[31]

[26] K. Sabeel Rahman, *Democracy Against Domination* (Cambridge: Oxford University Press, 2017), 130.
[27] K. Sabeel Rahman, *Democracy Against Domination*, 120.
[28] Ibid., 120.
[29] Ibid., 131.
[30] Ibid., 131.
[31] Ibid., 131.

Like public utilities, regulating banking as a public utility would not necessarily require the public takeover or nationalization of private banking firms. Instead, the public utility model would couple stringent regulation with the provision of public options for banking. As noted by legal scholars Ganesh Sitaraman and Anne L. Alstott, public options have long been part of the United States's basic political economy. From public schools to public transit to Social Security and Medicare, no American ever lives a full life in the United States without encountering public options to some degree at least once in their life.

Public options are crucial for the American economy. For example, the "public school movement" equalized and expanded access to education for Americans, while institutions like the United States Postal Service offer a "public option in every neighborhood by providing a public mail service" that directly competes with private firms such as UPS and FedEx.[32] Many of the public options available in the United States are widely appreciated and beloved by the American people. In 2019, the United States Postal Service was ranked sixth on a list of the most loved brands in the United States.[33] Public options abound in the form of "public swimming pools, public golf courses, public housing, public broadcasting like NPR, public defenders in courts, public highways and transit systems, [and] public museums like the Smithsonian."[34]

Why Public Options?

Public options have a level of efficacy and efficiency when compared to other policy instruments in the government's toolkit. For example, compare public options with market

[32] Ganesh Sitaraman and Anne L. Alstott, *The Public Option*, 3.
[33] "Most Loved Brands in America 2019," Morning Consult, accessed April 19, 2020, https://morningconsult.com/most-loved-brands-2019/.
[34] Ibid., 3.

subsidies such as "tax subsidies or vouchers."[35] Market subsidies are highly limited and ineffective instruments for addressing vast societal problems. Many of the market subsidies provided by the government "for health care, college, and child care" have proven to be severely ineffective due to rising costs and the tendency of market subsidies to ultimately line the "pockets of insurance companies and business managers."[36] Take, for example, the market subsidy approach in the context of the unbanked and the underbanked. The government might subsidize banking firms such as credit unions that provide loans to low-income individuals or vouchers for low-income individuals to invest in banks. Market subsidies might be a chink in the problem, but are ultimately more of a band-aid than an actual solution.

Public options are a more bold and direct way of dealing with structural problems. Instead of indirect market subsidies, public options "use direct government provisions to ensure universal access" to crucial goods and services needed for individuals to fully participate in the social and economic system.[37] Public options are not panaceas, however. Public options are vulnerable to the biases and prejudices of society. Public education and public housing have often been used by the government and elected officials in exclusionary and discriminatory ways targeting racial minorities.[38] However, public options are still useful for addressing inequalities, providing universal services, and developing the capacities of citizens to fully participate in the social and economic system.

---

[35] Ganesh Sitaraman and Anne L. Alsott, *The Public Option*, 6.
[36] Ibid., 6.
[37] Ibid., 6.
[38] See Ira Katznelson's *Fear Itself* and *When Affirmative Action Was White*. Also refer to Richard Rothstein's *The Color of Law*, Keeanga-Yamahtta Taylor's *Race for Profit*, and Mehrsa Baradaran's *The Color of Money*. There is also a wide literature on the topic of race and class on public options that cannot be fully cited or referenced in this paper, but can easily be accessed through the above mentioned works.

The Unbanked and the Underbanked

A crucial inequality that can be addressed by public options is the issue of the unbanked and the underbanked. An unbanked individual is someone who lacks a "formal relationship with a bank."[39] An underbanked individual is someone who has "a formal relationship with a mainstream bank, but primarily rel[ies] on fringe banking firms for their banking or credit needs."[40] Studies have shown that around "88 million" Americans are either unbanked or underbanked. Together, this amounts to "38% of the population" [see Index, Table 1].[41] In order to meet their banking needs, unbanked and underbanked individuals rely on fringe banking firms such as "payday lenders [and] check cashers."[42] Often, these fringe banking firms are not reliable due to the fact that their practices "are often usurious, sometimes predatory, and almost always much worse for low-income individuals than the services offered by traditional banks to their customers."[43]

Historically, usury has long been criticized on moral and ethical grounds. Usury is the "excessive interest" that one can charge when someone takes out a loan.[44] Ancient societies and cultures "considered any interest collected on a loan to be forbidden usury" thus conflating *interest* with *usury* and thus banning interest altogether.[45] Religious texts such as the "Vedic texts of ancient India" along with the Torah and the Talmud mention prohibitions on usury.[46] Western philosophers such as Plato, Aristotle, and Thomas Aquinas considered the practice of

[39] Mehrsa Baradaran, "It's Time for Postal Banking," *Harvard Law Review* 127 (2014), 166.
[40] Mehrsa Baradaran, "It's Time for Postal Banking," 166.
[41] Ibid., 166.
[42] Ibid., 167.
[43] Ibid., 167.
[44] Mehrsa Baradaran, *How the Other Half Banks*, 102.
[45] Ibid., 102.
[46] Ibid., 103.

money-lending to be a "vice."[47] Adam Smith "supported legal restrictions on usury" and John Maynard Keynes disdained usurers.[48] Most recently, Pope Francis has called the practice of usury a "'social ill'" contrary to human morality.[49]

During the Great Recession, several proposals emerged from certain economists and policymakers to provide "direct mortgage relief to underwater borrowers" as a form of debt relief against usurious practices.[50] The Occupy Wall Street movement also represents mass opposition to usurious practices. Occupy Wall Street protesters loudly denounced large banking institutions such as Goldman Sachs for their "reckless moneylending" and demanded that the bankers and executives "be sent to jail" for the part they played in causing the Great Recession.[51] However, even with such widespread discontent and public anger, usury is still practiced by fringe banking firms.

The usurious practices of fringe banking firms have risen since the 1970s and 1980s due to the relaxation and deregulation of laws banning usury and limiting interest in the United States. Most countries today allow "reasonable interest" to be charged by lenders with clear laws defining how much interest is "above what [the] laws allow."[52] Every state in the United States has "set a maximum price" on interests in order to prevent usury. However, the maximum price system has not prevented fringe banking firms from charging excessive rates of interest on their customers.[53] During the 1980s, deregulation "lifted or significantly increased" limits on usury.[54]

[47] Ibid., 107.
[48] Ibid., 107.
[49] Ibid., 105.
[50] Ibid., 108.
[51] Ibid., 109.
[52] Ibid., 103.
[53] Ibid., 102.
[54] Ibid., 109.

The Supreme Court decision *Marquette National Bank v. First Omaha Service Corporation* removed interest rate caps in 1978. This decision effectively allowed interest rates to be "exported" to other states thus incentivizing lenders to charter their banks in states with the "highest rates."[55] This created a "'race to the bottom'" as states competed for the business of the lenders through the "lowering [of] borrower protections and increas[es] [in] usury limits."[56]Before this Supreme Court decision, usury limits were "around 6 to 12 percent" interest.[57] Afterwards, however, usury limits skyrocketed "300 to 700 percent" in the 1980s and have only been on the increase ever since.[58]

Racial Inequalities in Banking

Deep racial inequalities also exist at all levels of banking in the United States. One of the most egregious inequalities in banking has to do with the opening and maintenance of banking accounts among racial minorities. According to research from the New America think tank, "higher costs and fees [are] charged by banks" for the opening and maintenance of basic checking accounts among communities of color.[59] White communities in the United States have, on average, a minimum opening deposit at banks of $68.50 compared to $80.60 for majority black populations and a minimum opening deposit of $97.00 for racially diverse communities without a white, black, or Latinx majority.[60] Checking accounts are also much easier to maintain for white depositors. Majority white communities typically only require a minimum checking

[55] Ibid., 109.
[56] Ibid., 109.
[57] Ibid., 109.
[58] Ibid., 109.
[59] Jacob Faber and Terri Friedline, "The Racialized Costs of Banking," *New America* (June 2018), 11.
[60] Jacob Faber and Terri Frieldine, "The Racialized Costs of Banking," 11.

account balance of around $625.50 compared to $748.00 and $870.50 for majority Latinx and majority black populations respectively.[61]

Controlled studies also highlight these inequalities. Among unbanked and underbanked Americans, severe "racial and cultural barriers" prevent them from accessing banking services.[62] Demographically, "more blacks and Hispanics are unbanked than whites" just as "more women than men" tend to also be unbanked.[63] In fact, many unbanked individuals claim they are "more comfortable" dealing with fringe banking firms compared to private banking firms.[64] Fringe banking firms are more informal compared to mainstream private banking firms with "rigid hours, requirements, and procedures" because these fringe banking services use the language of the clients, deal in cash, are directly available for their clients, and are often open 24/7 thus increasing their accessibility.[65]

Black Americans also face deep inequalities in banking. The Great Recession wiped out more than half the wealth of the black community.[66] Many black communities lack access to basic banking services. For example, 60 percent of the black population is unbanked or underbanked compared to the 20 percent of unbanked or underbanked whites.[67] Consequently, black communities frequently have to rely on fringe banking firms thus solidifying and growing the racial wealth gap in America. Black Americans only own one percent of the wealth in the United States.[68] Such inequalities are the result of both *de jure* and *de facto* discrimination and

---

[61] Ibid., 11.
[62] Mehrsa Baradaran, "It's Time for Postal Banking," 168.
[63] Ibid., 169.
[64] Ibid., 169.
[65] Ibid., 169.
[66] Mehrsa Baradaran, *The Color of Money: Black Banks and the Racial Wealth Gap* (Cambridge: Harvard University Press, 2018), 1.
[67] Mehrsa Baradaran, *The Color of Money*, 8.
[68] Ibid., 9.

racial oppression. Public utility regulation of banking will have to account for such historic inequalities.

The Postal Savings System

Recently, proposals have been made to re-implement postal banking as a way to curtail banking inequalities. Postal banking would provide basic banking services at every post office in the United States as a way to reduce the number of unbanked and underbanked Americans. While seemingly a new idea, the roots of public banking stretch back to the early twentieth century. In the late 1800s, it was not uncommon for "millions of rural people and urban immigrants alike [to stow] their money under a mattress or a loose brick" rather than rely on a bank.[69] Meanwhile, most of the "big banks" at the time did not cater their business toward both rural and urban immigrant depositors.[70] The national banking system at this time was also highly unreliable. Smaller banks were "uninsured or unreliable to the point of failure" and thus were not trusted by depositors as safe places to deposit their money.[71] This left depositors increasingly vulnerable to economic crises and recessions. According to FRED economic data, the United States experienced twelve recessions between 1865 and 1912.[72]

During this stormy economic period of unreliable private banking firms and major recessions, the United States Postal Service served as a reliable institution for depositors. During the Civil War, the Postal Service implemented the popular and well-trusted "postal money order service" that allowed for cashless money orders to be safely mailed through the Postal Service was extremely popular and also well-trusted among people.[73] Prior to the postal money order service, the Postal Service had primarily benefited those who could afford the premiums on

[69] Winifred Gallagher, *How the Post Office Created America* (New York City: Penguin, 2016), 203.
[70] Winifred Gallagher, *How the Post Office Created America*, 203.
[71] Ibid., 203.
[72] Federal Reserve Bank of St. Louis, NBER based Recession Indicators for the United States from the Period following the Peak through the Trough [USREC], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/USREC, April 19, 2020.
[73] Winifred Gallagher, *How the Post Office Created America*, 152, 203.

delivering "currency, important documents, and small valuables."[74] The postal money order service universalized access to the United States Postal Service.[75] By 1880, postal money orders "amounted to several times the postal budget."[76]

By the late nineteenth century, the Postal Service's position as a public option for all Americans was cemented. Arthur Hadley, economist and president of Yale University from 1899 to 1921, argued that the Postal Service was a primary institution for the functioning of the "economic, social and political system" of the United States.[77] The scale of the Postal Service's growth was quite formidable. From 1865 to 1892, the number of post offices across the United States doubled to 62,401.[78] The development of railways proved crucial for the Postal Service's growth.[79] By 1891, the Railway Mail Service "used 160,000 miles of track, had 6,000 employees, and cost $21 million per year."[80] The number of post offices handling money orders rose from "766, producing $4 million in business, to 30,000, generating $140 million."[81] Consequently, the development of America's economic power was aided by the growth of the United States Postal Service.

Agitation and discontent from the economic crises of the late nineteenth century led to a radical rethinking of banking's role in the economic and social order of the United States. Populists advocated for a system that would place "'man over money'" and would shirk the "'moneyed aristocracy supported by special privilege.'"[82] The Populist Party gathered in Omaha,

---

[74] Ibid., 152.
[75] Ibid., 152.
[76] Ibid., 152.
[77] Ibid., 182.
[78] Ibid., 182.
[79] See Richard White's *Railroaded: The Transcontinentals and the Making of Modern America*.
[80] Winifred Gallagher, *How the Post Office Created America*, 182.
[81] Ibid., 182.
[82] Steve Fraser, *The Age of Acquiescence: The Life and Death of American Resistance to Organized Wealth and Power* (New York City: Basic Books, 2016), 97.

Nebraska, in 1892 and specifically wrote their party platform around opposition to monopoly and the "'oppression of the usurers.'"[83] The populists argued that public "control of the money supply and credit" would do away with the power of monopolistic banks and would benefit the "'producing classes'" such as farmers.[84] Specifically, the populists called for the nationalization of the monetary system by the U.S. Treasury Department.[85] Like "the railroads and telegraph and [...] public utilities," the populists saw the monetary system as a public utility that should be entrusted to the government instead of private banking firms.[86]

Heterodox ideas regarding the monetary system reached mainstream American discourse during the Panic of 1907 that produced an "intense decades-long debate" over finance and banking in America.[87] The Panic of 1907, created by rivalries between powerful financial elites and firms, "inflicted an economic depression on the American people" led to bank runs and enormous public discontent.[88] Previously heterodox economic ideas regarding banking and the monetary system suddenly received popular support. Policymakers began to rethink banking around "public accountability, macroeconomic stability, affordable credit, and secure savings."[89] Suddenly, the idea of "post office savings banks" were mainstream.[90] According to one Texan, postal banking was such a popular idea that anyone who did not consider postal banking to be a good idea was someone who lacked the "welfare of the people at heart."[91] Henry George Jr., the

[83] Steve Fraser, *The Age of Acquiescence*, 97.
[84] Ibid., 97.
[85] Ibid., 98.
[86] Ibid., 98.
[87] Ibid., 14.
[88] Ibid., 15-20.
[89] Ibid., 14.
[90] Ibid., 33.
[91] Ibid., 33.

son of economist Henry George Sr., suggested that postal banks could serve as a "means to prevent periods of currency scarcity."[92]

Postmaster General George von L. Meyer campaigned for postal savings and claimed that the immediate aftermath of the Panic of 1907 had created the "'psychological moment'" for the implementation of postal banking.[93] Faith in private banking firms had been so shattered that the implementation of postal banking was seen as a potential cure for the economic crisis as it would provide a secure place for depositors to place their money as an alternative to the "hoarding and bank runs" seen during the Panic of 1907.[94] Even while publications like *Bankers' Magazine* denounced the push for postal banking as a "'foolish movement,'" private banking firms were unable to prevent postal banking's implementation.[95]

In 1910, the Postal Savings Bank Act of 1910 was enacted and went into effect the following year. For a brief time in American history- specifically from 1911 to 1967- "millions of Americans" gained access to basic banking services and "deposited their earnings" through their local post offices.[96] The Postal Savings System was not to last, however. The system faced enormous pressure and criticism from both government officials and private banking firms. Ironically, the Postal Savings System was ended during the enactment of Lyndon Baines Johnson's Great Society in 1967. While it existed, the Postal Savings System provided basic banking services and bolstered the idea of banking as a public good. The life and death of the Postal Savings System, meanwhile, tracks closely with the trend toward the public utility approach to banking and its subsequent fall in the 1970s and 1980s.

---

[92] Ibid., 33.
[93] Ibid., 33.
[94] Ibid., 34.
[95] Ibid., 34.
[96] Christopher W. Shaw, "'Banks of the People': The Life and Death of the U.S. Postal Savings System," *Journal of Social History* 52, no. 1 (2018): 121.

The Death of the Postal Savings System

During World War II, the Postal Savings System reached its peak. The public's distrust of banks stemming from the miseries of the Great Depression meant that, by 1941, "total deposits [in the Postal Savings System rose] above $1.3 billion."[97] The United States' wartime economy, meanwhile, meant that there was "full employment" and federal policies actively "encouraged saving" among Americans.[98] American soldiers counted as major contributors to new deposits in the Postal Savings System. The Postal Savings System "accepted deposits through the U.S. Mail" thus making it easier for soldiers "stationed around the world" to bank and deposit their money.[99] The federal government's Division of Postal Banking also contributed "$7.9 billion" toward the war effort.[100] While the Postal Savings System was widely used and reached its peak during World War II it also began its decline during this time as "popular political engagement" with postal banking waned just as the opposition by moneyed interests toward postal banking increased.[101]

Private banking firms sought to end the Postal Savings System even before the United States' entrance into World War II. The president of the North Carolina Bankers Association railed against the Postal Savings System and pushed for a "'concerted effort [...] to secure a repeal of the Postal Savings Law.'"[102] Attacks against the Postal Savings System died down during the War, but steadily rose afterward. Congressional allies of banking interests such as Senator Wallace F. Bennet (R-UT) introduced "a series of bills" that would entirely scrap the

[97] Ibid., 136.
[98] Ibid., 136.
[99] Ibid., 136.
[100] Ibid., 136.
[101] Ibid., 136.
[102] Ibid., 136.

Postal Savings System.[103] Organizations such as the American Bankers Association lined up behind Senator Bennet and provided testimony against the Postal Savings System in public hearings. The American Bankers Association argued that the Postal Savings System "'direct[ly] compet[ed] with private industry'" and that it no longer "'serve[d] a needful purpose.'"[104] Consequently, the main criticism of private banking firms came from their opposition to the public utility model that allows for public competition with the private sector.

Initially, Senator Bennett's ideas were quickly shot down. However, opponents of the Postal Savings System soon shifted their arguments claiming that the United States no longer needed the Postal Savings System because the nation was in a "new era far removed from the financial concerns" of the early twentieth century.[105] As the average American grew more well-off due to the fruits of consumer goods and the post-war economic boom, the Postal Savings System seemed outmoded and archaic.

In the 1950s, former President Herbert Hoover and financier Bernard M. Baruch joined the fight against public banking through calls for the abolishment of the Postal Savings System. However, the Postal Savings System still had strong public support from labor unions such as the American Federation of Labor (AFL).. Rural Americans also spoke in favor of the Postal Savings System. For many Americans, the Postal Savings System was their only access to basic banking services. At the time, a government report "found that 76 counties had no banks."[106] Even with vast public support, the death knell for the Postal Savings System came from "active opposition" within the Post Office Department of the United States.[107]

---

[103] Ibid., 136.
[104] Ibid., 136.
[105] Ibid., 136.
[106] Ibid., 136.
[107] Ibid., 136.

The turn against the Postal Savings System from the Post Office Department began when President Eisenhower appointed "automobile dealer and Republican Party operative Arthur E. Summerfield" as the Postmaster General.[108] Postmaster General Summerfield held pronounced anti-government views with a strong bias toward cutting government programs, running government like a business, and favoring the private sector over the public sector. Arthur E. Summerfield frequently raised "concern[s] about the future of the private enterprise system in America which is so heavily influenced by our governmental activities" and this deep belief in private enterprise influenced his approach to running the Post Office Department.[109]

In office, Postmaster General Summerfield surrounded himself with "business executives" and appointed them to "key positions" in the Post Office Department.[110] Summerfield appointed Albert J. Robertson- backed by the American Bankers Association- to head the department's "Bureau of Finance."[111] Albert J. Robertson "openly opposed" the Postal Savings System and argued that it would be "'desirable [...] if [the Postal Savings System] would dry up.'"[112] As the head of the Post Office Department's Bureau of Finance, Robertson implemented a plan to "'simplify and limit the Postal Savings System.'"[113] In 1957, Robertson made "an unequivocal call for the abolition of postal savings" and argued that it would be "desirable that the Government withdraw from competitive private business" entirely.[114]

The decline of the Postal Savings System was also due to the increasing standard of living among Americans during the post-war economic boom coupled with the enactment of

[108] Ibid., 137.
[109] Ibid., 137.
[110] Ibid., 137.
[111] Ibid., 137.
[112] Ibid., 137.
[113] Ibid., 137.
[114] Ibid., 137.

New Deal banking regulations. In 1933, the Postal Savings System was also undercut by the creation of the Federal Deposit Insurance Corporation (FDIC). The FDIC's establishment took away the Postal Savings System's "competitive advantage" over private banking firms.[115] When deposits were uninsured, the Postal Savings System appeared to be a safer and more reliable form of banking for depositors. Now that deposits were insured under the FDIC, the Postal Savings System could not use this competitive advantage as depositors flocked back to the newly insured private banking firms.

The Postal Savings System also never had much "public exposure" due to the fact that money was never appropriated in order to "publicize" the Postal Savings System.[116] During Postmaster General Summerfield's tenure, the only Postal Savings System advertisements were placed in "post offices that already served as savings depositories" thus failing to attract new depositors.[117] In 1957, the Post Office Department ordered these offices to remove their advertisements for the Postal Savings System. The Post Office Department made zero efforts to actively advertise the Postal Savings System thus ensuring that the system would be unable to attract new depositors.

The Postal Savings System's fixed interest rate also contributed to its decline. Due to statutes, the Postal Savings System had an interest rate "frozen at 2 percent."[118] Meanwhile, during the 1950s, private banking firms across the United States had deposit rates at "well over 3 percent."[119] For depositors, investing in private banking firms was preferable to investing in the Postal Savings System. The decline in union organizing during the 1950s also weakened the

[115] Ibid., 137.
[116] Ibid., 137.
[117] Ibid., 137.
[118] Ibid., 137.
[119] Ibid., 137.

Postal Savings System. In 1947, the Taft-Hartley Act severely limited union organizing efforts. Meanwhile, due to the post-war economic boom, middle class Americans dropped banking as a primary political issue. By 1966, due to public apathy and Eisenhower administration reforms, the Postal Savings System was home only to "'1 million Americans'" according to one postal union official.[120] These one million Americans were dispersed across the United States and lacked organizing capabilities to save the Postal Savings System.

President Lyndon Baines Johnson, focused on his Great Society programs, shrugged off the Postal Savings System after one of his advisors suggested that the administration pursue "'upward adjustment in the interest rates on postal savings'" as a way to save the system.[121] In response, President Johnson claimed that the Postal Savings System was "'no longer fully adapted to modern needs.'"[122] The Johnson administration could have saved and improved the Postal Savings System. Providing generous advertising appropriations and increasing interest rates would have been enough to sustain the program. However, nothing was done to save the program. In March of 1966, Congress passed legislation "liquidat[ing] the Postal Savings System."[123]

Resurrecting Postal Banking

Since the 1970s and the 1980s, the public utility approach to banking has been abandoned through deregulation and the rise of predatory financial institutions. During this time, inequality has increased in the United States. In 1974, the GINI coefficient for the United States was 35.3

[120] Ibid., 138.
[121] Ibid., 138.
[122] Ibid., 138.
[123] Ibid., 138.

indicating a relatively low level of inequality. However, by 2016, the GINI coefficient had risen to 41.4.[124] Meanwhile, the top decile share in national income rose from around "35 percent" in the United States in the 1970s to "45-50 percent" in the 2000s-2010s.[125] According to Saez and Zucman, the wealth share of the top 0.1% "has risen from 7% in 1978 to 22% in 2012."[126] The percentage of unbanked and underbanked Americans has also risen. Studies have also shown that around "88 million" Americans are either unbanked or underbanked. Together, this amounts to "38% of the population."[127] It is reported that "around 10 percent" of unbanked individuals point to the lack of accessible banks close to where they live as "an important factor in not having a bank account."[128] Across the United States, the number of local bank branches is decreasing with "lower-income neighborhoods" suffering the most from these bank closures.[129]

Private banking firms do not need the poor as much as the poor need access to banking. Consequently, after the deregulation of the 1980s and 1990s encouraging competition between private banking firms, these private banking firms abandoned poor and rural communities in favor of more lucrative communities and clients. According to a Federal Reserve report, rural counties across the United States have experienced steep declines in access to bank branches. These counties "tend to be poorer, composed of residents with fewer years of education, and have a greater proportion of African American residents relative to other rural counties."[130] From 2012 to 2017, rural counties in the United States lost 14% of bank branches.[131]

---

[124] World Bank, GINI Index for the United States [SIPOVGINIUSA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/SIPOVGINIUSA, April 19, 2020.
[125] Thomas Piketty, *Capital in the Twenty-First Century*, 24.
[126] Saez, Emmanuel, and Gabriel Zucman, "Wealth Inequality in the United States Since 1913: Evidence From Capitalized Income Tax Data." *The Quarterly Journal of Economics* 131, no. 2 (2016): 519.
[127] Mehrsa Baradaran, "It's Time for Postal Banking," 166.
[128] Ganesh Sitaraman and Anne L. Alstott, *The Public Option*, 177.
[129] Ibid., 177.
[130] Board of Governors of the Federal Reserve System, "Perspectives from Main Street: Bank Branch Access in Rural Communities," *Board of Governors of the Federal Reserve System* (2019): 1.
[131] Board of Governors of the Federal Reserve System, "Perspectives from Main Street," 4.

Bank branch closures have led to the rise of fringe and predatory lending in these poor and rural communities. Private banking firms "regulated by state and federal laws" are not present and thus these fringe banking firms fill in the gap.[132] According to the Federal Reserve, rural communities affected by bank branch closures resort to "private ATMs, local businesses, payday lenders and check cashing service providers, prepaid cards, and the local post office" for their banking and financial needs.[133] However, as they currently stand, these nonbank financial services are unreliable. Private ATMs, payday lenders, and check cashers are all reported to have high fees. Meanwhile, local Post Offices are currently ill-equipped to provide banking and financial services to customers. Currently, Post Offices can only really provide "cash back, [...] international money transfers, and [...] money orders."[134]

Postal banking can be re-implemented as a policy response to this problem. A renewed Postal Savings System would allow for any American to "walk into a post office and open a small-scale savings or checking account."[135] The postal savings account would have a cap of "$5,000" and would "pay no interest and have no fees."[136] The account would also allow for the account holders to use "direct deposit" along with "a debit card or ATM card" tied to the account without the "ATM fees or debit card fees" or "overdrafts" that notoriously plague the private banking sector.[137]

Postal banking benefits from economies of scale. This makes postal banking cheap and affordable for unbanked and underbanked low-income individuals. The United States Postal Service (USPS) can use their "existing infrastructure and clientele" for postal banking and can

[132] Mehrsa Baradaran, "It's Time for Postal Banking," 168.
[133] Board of Governors of the Federal Reserve System, "Perspective from Main Street," 13.
[134] Ibid., 13-14.
[135] Ganesh Sitaraman and Anne L. Alsott, *The Public Option*, 176.
[136] Ibid., 176.
[137] Ibid., 176.

build off of that using already existing post offices.[138] USPS also claimed in a white paper that they have the ability to offer a "$375 loan with interest and fees totaling $48" compared to the "$520 [...] average payday loan" normally offered by predatory financial institutions.[139] Employing the USPS could also lower "collection costs" due to linkages with the "IRS and other federal enforcement mechanisms" in order to "easily garnish wages or tax returns."[140]

The chances of mainstream private banking firms moving back to these poor and rural communities is extremely low. There is "significant industry opposition" among mainstream private banking firms to return to communities they originally abandoned.[141] Meanwhile, USPS branches are available everywhere throughout the country. According to the USPS, "'59 percent of Post Offices are in ZIP Codes with one or no bank branches.'"[142] Re-implementing the Postal Savings System would close this enormous gap and shrink the overall number of unbanked and underbanked Americans.

[138] Mehrsa Baradaran, "It's Time for Postal Banking," 167.
[139] Ibid., 167.
[140] Ibid., 167.
[141] Mehrsa Baradaran, "It's Time for Postal Banking," 168.
[142] Ibid., 177.

Conclusion

This paper sought to define three different periods of banking history in the United States. These periods were the Gilded Age, the Progressive Era/New Deal Consensus, and the Modern Era. The Gilded Age was marked by a private regulatory system, the Progressive Era/New Deal Consensus was marked by a public regulatory system, and the Modern Era is defined by a private regulatory system. This paper found that inequality along with the number of unbanked and underbanked Americans rose during the Gilded Age and the Modern Era. However, these numbers lowered dramatically during the Progressive Era/New Deal Consensus. This paper purported to show why such a change occurred.

While the research is far from over (in fact, this is just the beginning), there are some important takeaways from this paper. One, banking's origins are inherently public and thus require a social contract. Second, the way in which banking is regulated ultimately affects inequality and access to banking among Americans. Third, public options such as the Postal Savings System can be a form of public utility regulation of banking and can do much to reduce inequality along with the number of unbanked and underbanked Americans.

Appendix

Table 1: 2017 statistics on unbanked and underbanked households in the United States.[143]

	Unbanked Households	**Unbanked Households by Race**	**Unbanked Households by Race**	**Underbanked Households**	**Underbanked Households by Race**	**Underbanked Households by Race**
	Unbanked Rate (%)	White (%)	Households of Color (%)	Underbanked Rate (%)	White (%)	Households of Color (%)
Alabama	8.7	3.1	19.5	22.3	16.9	32.6
Alaska	2.6	1.7	4.6	21.8	16.6	34.4
Arizona	5.4	2	11.4	18.7	12.7	29.5
Arkansas	7.5	6	13.1	19	17.4	24.9
California	7.4	2.6	11.7	17.6	12.9	21.8
Colorado	4.2	1.6	12.6	17.3	11.4	36.2
Connecticut	5.5	3.2	12.1	15.3	11.1	27.3
Delaware	5.9	3	11.7	15	9.4	26.1
District of Columbia	8	0.5	13.5	21.2	12.6	27.5
Florida	6	2.7	10.9	18.3	13.3	26
Georgia	10.6	5.1	17	24.1	18.1	31
Hawaii	4	2.1	4.6	15	13.8	15.4
Idaho	2.3	1.5	6.8	17.9	13.9	39.9
Illinois	7	3.3	16.2	15.3	12.6	22.2
Indiana	4.4	2.3	15.7	18.8	15	38.1
Iowa	3	2.2	9.5	13.5	11.5	29.4
Kansas	7.2	4.1	18.9	20	15.3	37.4
Kentucky	7.2	7	8.6	19.6	18.1	29.7
Louisiana	14.8	6.3	28	21.4	19	25
Maine	4	3.5	27.9	18.8	18.3	44.5
Maryland	2.5	0.5	5.2	19.7	12.8	28.8

[143] This table was compiled from statistics available through the Prosperity Now scorecard (https://scorecard.prosperitynow.org/about). Estimates compiled by Prosperity Now through the Federal Deposit Insurance Corporation (FDIC) and the American Community Survey (ACS) in 2017.

	Unbanked Households	Unbanked Households by Race	Unbanked Households by Race	Underbanked Households	Underbanked Households by Race	Underbanked Households by Race
	Unbanked Rate (%)	White (%)	Households of Color (%)	Underbanked Rate (%)	White (%)	Households of Color (%)
Massachusetts	2.6	1.3	7.2	18	13.7	32.9
Michigan	5.6	2.7	16.1	15.2	12.3	25.8
Minnesota	1.5	0.8	6.3	12.5	9.6	32.7
Mississippi	15.8	7.5	27.2	22.5	18.6	27.9
Missouri	6.3	4.7	13.5	16.8	14.5	27.5
Montana	4.3	3.6	14.2	16.1	14.7	34.8
Nebraska	2.8	1.3	13	18.8	15.3	42.7
Nevada	6.1	3.8	9	25.1	18	34.3
New Hampshire	3.4	2.8	13.3	13.1	12.6	19.6
New Jersey	5	2.5	8.8	19.6	12.9	29.8
New Mexico	11.4	4.7	16.2	22.2	13.3	28.7
New York	8.7	4	16.2	17.2	12.4	24.9
North Carolina	5.8	2.6	12	18.4	13.6	27.6
North Dakota	6.3	2.1	36.6	16.7	16.3	20.2
Ohio	7	4.7	17	17.4	15.2	26.6
Oklahoma	7.3	5.1	12	21.7	15.8	34.6
Oregon	4.2	2.9	9.3	20.1	16.9	32.8
Pennsylvania	4.7	1.8	14.6	19.3	13.7	38.5
Rhode Island	6.5	1.7	24.2	15.7	12.8	26.4
South Carolina	6.7	2.1	17.2	19.4	13.7	32.3
South Dakota	8.1	2.9	44	14.7	12.5	30
Tennessee	7.5	5.7	13.1	21.2	15.3	39.9
Texas	9.5	2.8	15.5	24.2	18.2	29.4
Utah	2.5	2.1	4.8	16.1	12.2	37.3
Vermont	1.5	1.3	7	11.6	11.9	n/a
Virginia	3	1.5	5.9	20.6	14.2	32.7
Washington	3.1	1.9	6.2	17.6	13.2	29

	Unbanked Households	Unbanked Households by Race	Unbanked Households by Race	Underbanked Households	Underbanked Households by Race	Underbanked Households by Race
	Unbanked Rate (%)	White (%)	Households of Color (%)	Underbanked Rate (%)	White (%)	Households of Color (%)
West Virginia	7.8	7.4	14.4	18.5	17.4	34.7
Wisconsin	3.4	1	16.8	11.6	10.5	17.5
Wyoming	4.8	3.7	10.3	21.5	20.6	26.5
United States	6.5	3	13.3	18.7	14.1	27.7

Bibliography

Baradaran, Mehrsa. "Banks: A Broken Social Contract," *Democracy*, Summer 2016, https://democracyjournal.org/magazine/41/banks-a-broken-social-contract/.

Baradaran, Mehrsa. *The Color of Money: Black Banks and the Racial Wealth Gap*. Cambridge: Harvard University Press, 2018.

Baradaran, Mehrsa. *How the Other Half Banks: Exclusion, Exploitation, and the Threat to Democracy*. Cambridge: Harvard University Press, 2018.

Baradaran, Mehrsa. "It's Time for Postal Banking." *Harvard Law Review* 127 (2014): 165-175.

Board of Governors of the Federal Reserve System, "Perspectives from Main Street: Bank Branch Access in Rural Communities." *Board of Governors of the Federal Reserve System*, 2019.

Faber, Jacob, and Terri Friedline. "The Racialized Costs of Banking." *New America* (June 2018).

Federal Reserve Bank of St. Louis, NBER based Recession Indicators for the United States from the Period following the Peak through the Trough [USREC], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/USREC, April 19, 2020.

Foroohar, Rana. *Makers and Takers: How Wall Street Destroyed Main Street*. New York: Crown, 2017.

Fraser, Steve. *The Age of Acquiescence: The Life and Death of American Resistance to Organized Wealth and Power*. New York City: Basic Books, 2016.

Gallagher, Winifred. *How the Post Office Created America: A History*. New York City: Penguin, 2016.

Gordon, Robert J. *The Rise and Fall of American Growth: The U.S. Standard of Living Since the Civil War*. Princeton: Princeton University Press, 2016.

Hacker, Jacob S., and Paul Pierson. *American Amnesia: How the War on Government Led Us to Forget What Made America Prosper*. New York: Simon & Schuster, 2017.

Katznelson, Ira. *Fear Itself: The New Deal and the Origins of Our Time*. New York: Liveright, 2013.

Katznelson, Ira. *When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America*. New York: W.W. Norton & Company, Inc., 2005.

McGerr, Michael. *A Fierce Discontent: The Rise and Fall of the Progressive Movement in America, 1870 - 1920*. Oxford: Oxford University Press, 2005.

"Most Loved Brands in America 2019." Morning Consult. Accessed April 19, 2020. https://morningconsult.com/most-loved-brands-2019/.

Pettifor, Ann. *The Production of Money: How to Break the Power of Bankers*. London: Verso, 2018.

Phillips-Fein, Kim. *Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics*. New York: Picador, 2018.

Phillips-Fein, Kim. *Invisible Hands: The Businessmen's Crusade Against the New Deal*. New York: W.W. Norton & Company, Inc., 2010.

Piketty, Thomas. *Capital in the Twenty-First Century*. Cambridge: Harvard University Press, 2014.

Rahman, K. Sabeel. *Democracy Against Domination*. Cambridge: Oxford University Press, 2017.

Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America*. New York: Liveright, 2018.

Saez, Emmanuel, and Gabriel Zucman, "Wealth Inequality in the United States Since 1913: Evidence From Capitalized Income Tax Data." *The Quarterly Journal of Economics* 131, no. 2 (2016): 519-578.

Shaw, Christopher W. "'Banks of the People': The Life and Death of the U.S. Postal Savings System." *Journal of Social History* 52, no. 1 (2018): 121-152.

Shaw, Christopher W. *Money, Power, and the People: The American Struggle to Make Banking Democratic*. Chicago: University of Chicago Press, 2019.

Sitaraman, Ganesh and Anne L. Alstott. *The Public Option: How to Expand Freedom, Increase Opportunity, and Promote Equality*. Cambridge: Harvard University Press, 2019.

Skidelsky, Robert. *Keynes: The Return of the Master*. New York: PublicAffairs, 2010.

Taylor, Keeanga-Yamahtta. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. Chapel Hill: University of North Carolina Press, 2019.

White, Richard. *Railroaded: The Transcontinentals and the Making of Modern America*. New York: W.W. Norton & Company, Inc., 2012.

World Bank, GINI Index for the United States [SIPOVGINIUSA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/SIPOVGINIUSA, April 19, 2020.